

**NOT FOR PUBLICATION UNTIL  
RELEASED BY THE HOUSE  
ARMED SERVICES COMMITTEE**

**STATEMENT OF  
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AND  
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(MANPOWER, PERSONNEL, TRAINING AND EDUCATION)  
BEFORE THE  
MILITARY PERSONNEL SUBCOMMITTEE  
OF THE  
HOUSE ARMED SERVICES COMMITTEE  
ON  
IMPACT OF A YEARLONG CONTINUING RESOLUTION  
AND SEQUESTRATION ON MILITARY MANPOWER  
27 FEBRUARY 2013**

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Chairman Wilson, Ranking Member Davis, and distinguished members of the Committee, thank you for holding this hearing and for affording me the opportunity to testify on anticipated sequestration and ongoing Continuing Resolution (CR) impacts to Navy manpower, personnel, training, and education.

### **Our Situation**

We are operating in a time of unprecedented uncertainty as we face the prospect of sequestration and a prolonged CR. Compounding the situation, the CR provides funding against last year's requirements; in other words, the funding is in the wrong accounts. As a result, we have had to adjust plans to implement programs as we enter the third quarter of the fiscal year, while operating at last year's levels. The confluence of these situations results in a misalignment of FY 2013 funding priorities.

Regardless, we remain committed to carrying out the Chief of Naval Operations' guiding tenets of *Warfighting first, Operate forward and Be ready*. We have worked to stabilize, balance and distribute the Navy workforce while ensuring that Sailors are assignable, deployable and distributable. Our primary mission is to be ready to fight and win today, while building the ability to win tomorrow; all of our efforts remain grounded in this fundamental principle. We will continue to operate forward, where Navy is most effective; but at significantly lower levels. We will endeavor to remain ready, providing our fleet and Sailors the best possible training, maintenance, and logistics to assure their confidence and proficiency. Sequestration and a

prolonged CR will affect our mission-essential functions by forcing difficult and unpopular choices that adversely affect Sailors and the families who support them.

After nearly a decade of declining manpower, we are on track to meet our FY 2013 active end strength authorization of 322,700. Our authorization reflects a decrease from FY 2012; we do not anticipate the need to reduce further end strength this year. Selected Reserve FY 2013 end strength authorization declines as planned, from 66,200 in FY 2012, to 62,500; we do not anticipate further reductions this year. As we continue to stabilize the force, we will adjust future end strength to pace anticipated force structure changes. We will apply various force management levers as we work to balance and distribute the force and, to the extent possible, will apply voluntary measures before resorting to involuntary measures.

While sequestration and the CR will not prevent us from meeting our authorized end strength this year, mitigation actions already taken, as well as others about to be executed, will significantly affect our ability to attract, recruit, develop, assign and balance our highly skilled workforce beyond FY 2013. We have already reduced advertising outreach and engagement opportunities, which are fundamental to attracting and recruiting our future force. Likewise, budget decisions regarding training, education and travel, inhibit our ability to deliver trained Sailors for timely assignment, deployment and distribution. If the existing CR were extended to the full year, we would apply funding for investments to restore the most critical operation and maintenance requirements.

It is imperative that Congress finds an alternative to sequestration, and enacts an appropriation for the remainder of FY 2013. Otherwise, the effects of these measures will erode personnel readiness and negatively affect the Total Force. In testimony before the House and Senate Armed Services Committees, the Chief and Vice Chief of Naval Operations laid-out short-term measures in response to the CR and sequestration. Although the President exempted Military Personnel appropriations for the active and reserve components from sequestration, the measures Navy leaders have highlighted will have a direct effect on active and reserve Sailors and a significant impact on our civilian workforce.

### **Near-Term Impacts**

For most Sailors and their families the significance of the effect of sequestration and the CR is the dramatic adjustment in the deployment schedules of ships and aircraft. Delayed or canceled deployments disrupt the lives of Navy families, particularly in cases in which Sailors have relocated dependents to be near extended family during prolonged deployments, or have otherwise based personal and financial decisions on anticipated pay and tax benefits associated with deployment. Increased anxiety, family separation, and impacts to family budgets, due to the uncertainty, hurt force morale to an extent that can be neither quantified nor taken for granted.

The reduction of ready forces will put greater stress on deployed or soon-to-deploy Sailors assigned to ships and squadrons. They will operate at a higher tempo; and we are already at an extraordinary operational tempo. While military compensation is exempt from sequestration, there is a cost to the force in having to do more.

To limit impacts on deployed and next-to-deploy forces, base operating support, depot maintenance, and facilities sustainment, restoration and modernization will receive a disproportionate reduction under sequestration. While we are taking risk in shore operating accounts, we are still committed to protecting family support programs to ensure that we properly address the needs of families of forward-deployed personnel, and that the resources necessary to sustain them in the absence of their sponsors are not compromised.

Reductions in civilian manpower due to furloughs, the hiring freeze, and termination of temporary civilian employees, will acutely burden Sailors who rely heavily on the expertise of our civilian workforce. Civilian employees provide the corporate knowledge and institutional memory, and are key mentors of our uniformed workforce. In the absence of these vital partners, Sailors will assume additional workload, while being hampered by the absence of critical knowledge and insight that resides in our civilian workforce.

Additionally, the evolution of the Navy workforce over the last decade compounds the situation. As we identified non-military-essential functions to reduce the number of uniformed personnel performing functions not directly tied to fleet readiness, the number of civilians increased to assume many of those duties. Consequently, the loss of civilian expertise at this time will affect our Sailor training pipeline sources, including the U.S. Naval Academy, Naval War College and Naval Postgraduate School, each of which plays a critical role in developing Sailors. The immediate impact will be a decrease in throughput, which will increase the number of Sailors awaiting training, delaying their arrival in the fleet and reducing hard-fought improvements in at-

sea manning and operational readiness. However, we will not know the second and third order effects of these reductions for years to come, as continued sequestration impacts exacerbate the situation over the next decade. The effective loss of the work that would normally be performed by the furloughed civilian workforce will also reduce throughput and timeliness of planning and policy related matters.

Currently, veterans comprise more than 57% of the Department of the Navy's civilian workforce. In FY 2012, we hired nearly 11 thousand veterans, including over 2,500 disabled veterans, into the civilian cadre. Given the current Navy-wide hiring freeze, the availability of civilian job opportunities, including those for veterans, has come to a virtual standstill. This is severely hampering the Department's ability to recruit a quality and skilled workforce capable of executing our mission.

An administrative furlough, should it occur, will adversely affect close to 200,000 men and women across the Department of the Navy (to include the Marine Corps). Automatic exemption would apply to few, if any, from a planned furlough realized by all appropriated fund employees, including working capital, Senior Executive Service, permanent, term and temporary employees. The reach extends to the services provided to uniform personnel through such programs as Morale, Welfare and Recreation. Our federal civilian employees who have dedicated themselves to public service stand to lose up to 20% of their income for five months, in addition to experiencing reductions in leave and benefits. Further, the ongoing fiscal uncertainty and potential furlough will likely derail the substantial progress the Department of the Navy has made with employee engagement as productivity declines and active duty personnel take on a heavier share of the burden

to remain focused on mission. Additionally, increased reductions in service contract support will impact military personnel workload requirements as well as reduce veteran employment opportunities.

### **Longer Term Impacts**

In addition to sequestration for FY13, the failure to enact the \$1.2 trillion in balanced deficit reduction required by the Budget Control Act of 2011 (BCA), triggered the lowering of discretionary caps for FY 2014 through FY 2021. Beyond FY 2013, if discretionary cap reductions were sustained for the full nine years, we would fundamentally change the Navy as currently organized, trained and equipped. While the Administration has exempted military personnel appropriations from FY13 sequestration, we cannot rule-out the possibility of future manpower reductions. The Secretary of Defense and Navy leadership will need to reconsider manpower costs and the balance between civilian and military manning. The size of the Navy will necessarily decrease further, using a combination of retirements and reduced procurement of new ships and aircraft. As the Chief of Naval Operations indicated in his testimony before the House Armed Services Committee, the battle force could be as many as 50 ships smaller than the numbers reflected in our most recent shipbuilding plans, or 30-40 ships fewer than our current battle force. That would result in the need to reduce end strength, and a possible corresponding need for implementation of voluntary and involuntary force management tools.

There is a possibility for adverse impacts to Sailor training pipelines, as civilian furloughs and the hiring freeze at training commands result in a backlog, forcing students to wait longer for training. While we may be able to maintain appropriate manning of ships and squadrons, crew training-levels may suffer. Sailors will have a reduced opportunity to achieve personal and professional development; a hallmark of our recruiting efforts is the ability to provide Sailors with all the skills they need to be successful. As this backlog of students grows, it will affect our ability to distribute highly skilled Sailors to the fleet, thereby, reducing overall readiness. Fleet commander mitigation actions regarding deployments, training and certifications, will have a cascading effect and long-term impact on personnel distribution and professional development. Finally, the overall angst and uncertainty associated with this process will undoubtedly take its toll as Sailors and civilians face decisions on whether to continue their service.

### **Conclusion**

We ask Congress to act quickly to avoid sequestration and to enact an FY 2013 Defense Appropriations Bill. If we end up with an extended continuing resolution, we will, at a minimum, need Congress' help in modifying the continuing resolution to get the dollars in the correct appropriations. We will also need Congress support for efforts to use reprogramming to shift funding to meet our highest priorities. Our immediate concern is the inability to allocate reductions in a rational manner that, to the greatest extent possible, protects Sailors and their families, while sustaining current operations pursuant to the Defense Strategic Guidance and National Defense Strategy.



I commit to working with the Congress, particularly the military personnel subcommittees, and continuing to provide information on the effects of operating under a continuing resolution and the effects of sequestration. You will receive my team's best efforts to help you find solutions and to properly prioritize Navy manpower, personnel, training and education. Together, we must ensure our success in preserving the world's preeminent maritime force and in providing the quality support services needed to bolster Navy families as they focus on maintaining our nation's security and prosperity. Thank you, once again, for holding this important hearing.